

ARIZONA MILITARY AFFAIRS COMMISSION
Friday, July 18, 2008 10:00 AM
1700 W. Washington, Phoenix, AZ 85007

MEETING MINUTES SUMMARY

1. CALL TO ORDER

Ms. Lisa Atkins, Arizona Military Affairs Commission (AMAC) Co-Chair called the meeting to order at 10:10 AM

2. ROLL CALL

Commissioners Present:

- Lisa Atkins, Co-Chair, Greater Phoenix Leadership
- Tom Finnegan, Co-Chair, Ft. Huachuca 50
- Commissioner William Carrell, Tucson
- Commissioner Elaine Scruggs, Glendale
- Commissioner Lenore Stuart, Yuma County
- Commissioner Larry Nelson, Yuma
- Leyton Woolf, Waddell
- John Weil, Yuma
- Priscilla Storm, Tucson - teleconference
- Commissioner Robert Strain, Sierra Vista - teleconference

Commissioners Absent:

- Commissioner Patrick Call, Cochise County
- Commissioner Robert Walkup, Tucson
- Michael Francis, West Valley Community Action Coalition
- Monsignor Richard O'Keeffe, Yuma
- Bruce Heiden, Buckeye

Staff Members Present:

- Don Baier, Office of the Attorney General
- Deb Sydenham, Arizona Department of Commerce
- June Sinclair, Arizona Department of Commerce
- Mike Landry, Arizona Department of Veterans' Services

3. APPROVAL of MINUTES – July 10, 2007

Motion to approve the minutes was made by Commissioner Stuart and seconded by Commissioner Carrell.

The Commission unanimously approved the minutes of the July 10, 2007 meeting.

The Commission will reconvene via a conference call to approve minutes for the July 18, 2008 to avoid waiting until the next year's meeting to approve them.

4. STATUS of FY 2005/2006 PRIVATE PROPERTY ACQUISITIONS and PROJECT UPDATES

Assistant Attorney General Don Baier interjected that there were several issues he will recommend to be moved into Executive Session to offer legal advice. Therefore, as the Commission came upon an issue, they would vote to table the item so all would be addressed simultaneously in one Executive Session.

PRIVATE PROPERTY ACQUISITIONS UPDATE:

Mr. Mike Landry, Arizona Department of Veterans' Services, provided the FY 2005/2006 Military Installation Fund (MIF) Private Property Acquisition Summary. Of the eight properties approved for purchase the following properties have closed; Mills, Loper, Lane, Callahan, Goodson and Burbage. Lakin is now in escrow and is expected to close in about two weeks, Cross Point Church remains in the negotiation process. The Commission elected to table the discussion on Cross Point Church and move it into Executive Session. Barring any changes in negotiations with Cross Point Church total acquisition costs will be \$4.279 million plus expenses for appraisals, environmental surveys, title insurance etc.

JURISDICTIONAL PROJECTS UPDATE:

Ms. June Sinclair, Arizona Department of Commerce, gave the jurisdictional project updates as follows:

Pima County Vail High School (VHS) Project – Relocate VHS from current location: As reported by VHS Principal Dennis Barger; through the city's six month report; the newly formed planning team consisting of school staff, parents, students and community members selected Swaim & Associates Architects and Lloyd Construction

General Contractor to design and build the new school. The school site will be located on the west end of the University of Arizona (UA) STP (Science Technology Park) and are in negotiations with the UA for a lease/purchase agreement. KB Homes have yet to break ground for the necessary infrastructure for VHS to connect to. The target date for project completion is the summer of 2010. Several Commission members expressed their concern that the project was moving very slowly and questioned the delay. There was also concern because the funds (\$535,000.00) have been encumbered for two fiscal years without progress.

Action: The Commission requested that Ms. Sinclair send a letter to VHS requesting documentation from the school committing to a timeline and to provide quarterly progress reports. Commissioner Carrell volunteered to speak with VHS to ascertain any additional issues and express the Commission's concerns.

City of Yuma Project – Create a bid-ready final design for the 24th Street extension: As reported by Mr. Peter Erlenbach, Economic Development Manager, through the city's six month report; the project is progressing as planned. Phase I of the design project is 85% complete. Approved funding for FY 2005/2006 of \$1,044,000 has been completely expended. Since the FY 2007 approved project (approved amount: \$965,000.00) was an extension of the City of Yuma FY 2005/2006 project; Ms. Sinclair combined the two reports. Fifty percent of Phase II has been completed. Also, the scope of Phase II has changed, per Yuma City Council's direction, in that the southern point of the roadway will now terminate at 48th Street rather than 56th Street (about 3/4 mile shorter). This design change is a result of conflicts with both the Irrigation and Drainage District Canal Crossing and local property owners protesting the bifurcation of their properties by the proposed roadway. The City of Yuma expects the design to be 100% complete and bid ready by September 2008. To date, the City of Yuma has received \$1,514,528 in combined MIF funding with an unused encumbered balance of \$494,472 remaining.

5. STATUS of FY 2007 PRIVATE PROPERTY ACQUISITIONS and JURISDICTIONAL PROJECT UPDATES

PRIVATE PROPERTY ACQUISITIONS UPDATE:

Mr. Mike Landry provided the FY 2007 MIF Private Property Acquisition Summary. Four properties were approved for acquisition, two of which have closed; the Verma (\$640,000) and Mikalson (\$2,000,000) properties. The two properties, Meigs and Jelks, approved as conservation easements, are waiting for the legal language for the easements to be finalized by the Attorney General's Office. The Jelks property has accepted the offer of \$1,500,000 and the Meigs property is contesting the appraised value of \$972,900. Mr. Baier recommended that discussion of the conservation easement language as it pertains to these two properties be tabled for the Executive Session. A motion was made, seconded and unanimously approved by the Commission. Total acquisition costs for FY 2007 will be \$5,104,000.

6. DISCUSS PRIVATE PROPERTY APPRAISAL PROCESS

Mr. Landry briefed the Commissioners on the process for appraising private property acquisitions. Currently the procedure is: once a private property is approved for acquisition, the Arizona Department of Veteran's Services obtains one independent appraisal and makes an offer (this is how all the properties have been acquired to date). Mr. Landry stated that the current MIF rules are not clear on how many appraisals should occur – should there be just one or should there be two that are averaged in situations where there is a dispute over market value. Commissioner Scruggs recommended that the information sent to an applicant include the Arizona statutory citation that limits the government to pay only the appraised amount for a property as the government, bound by statute, cannot offer more. Anything over the appraised value would be in violation of the gifting clause in the State Constitution. Commissioner Scruggs also suggested that applicants be required to sign a disclosure statement acknowledging their understanding of the rules and processes. Commissioner Storm stated that the School Facilities Board (SFB) has a good process for addressing appraisal issues. For a land purchase, two appraisals are performed. The seller is offered the lower of the two valuations. If the lower valuation is not accepted; staff shall order a Review Appraisal to be performed by a third appraiser. The seller is then offered the valuation chosen by the Review Appraiser. Co-chairperson Atkins reiterated that the requested amounts by applicants are for maximum budgetary purposes but in fact the final offer will reflect appraisals. Mr. Baier interjected that the dispute is over the market value for both the Meigs and Cross Point Church properties and suggested that this issue be addressed in Executive Session. A motion was made, seconded and unanimously approved by the Commission.

7. MILITARY INSTALLATION FUND APPLICATIONS and REPORT FROM THE DEPARTMENT OF COMMERCE – The report was given by Ms. June Sinclair

a. Review of Military Installation Funds Available:

Private Property Acquisition Update:

- The MIF started with \$13,497,958 (four years funding w/accrued interest)
- \$4,279,140 was funded for FY 2005/2006 applications.

- \$5,104,000 was funded for FY 2007 applications.
- After expenses were paid; those incurred by the Department of Veterans' Services for ancillary fees (\$165,000) and after the Legislative sweep for FY 2008 of \$2,260,725.00, there remained a balance of \$1,689,093 for private property acquisitions.

Jurisdictional Preservation/Enhancement Projects Update:

- The MIF started with \$4,221,530 (four years funding w/accrued interest)
- \$1,579,000 was funded for FY 2005 and FY 2006 applications.
- \$965,000 was funded for FY 2007 applications.
- After the Legislative sweep for FY 2008 of \$759,094; there remained a balance of \$918,436

Jurisdictional Project – Property Acquisitions Update:

- The MIF started with \$3,390,043 (four years funding w/accrued interest)
- No applications were approved for funding for FY 2005 and FY 2006.
- No applications were received for FY 2007.
- After the Legislative sweep for FY 2008 of \$565,181, there remained a balance of \$2,824,862.
- A motion was made by Co-chair Finnegan and seconded by Commissioner Stuart, as allowed by ARS §41-1512.01(G), to roll the Jurisdictional Project/Private Property Acquisition fund balance into the Private Property Acquisition Fund (as no applications were received for FY 2008). Therefore \$4,346,193 was now available for private property acquisition. The motion was unanimously approved.

b. Review of Applications and Recommendations prepared by the Department of Commerce:

Individual Property Acquisition Recommendations

Ms. Sinclair gave an overview of the application review process to the Commission. Eleven applications were submitted for the acquisition of private property and each was scored per the parameters identified in the rules. Ms. Sinclair presented each application by name, location, military and/or jurisdictional commentary and the final consensus score per application. The applicants are listed below in order of highest scored out of a possible 625 points.

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| • Coronado property – Yuma MCAS | Score: 427 |
| • Tang parcel #2 property – Gila Bend Aux. Field | Score: 371 |
| • Lakin parcel #2 property – Yuma MCAS | Score: 368 |
| • Lakin parcel #1 property – Yuma MCAS | Score: 367 |
| • Kovar property – Davis Monthan AFB | Score: 259 |
| • Tang parcel #1 property – Gila Bend Aux. Field | Score: 236 |
| • Evans property – Gila Bend Aux. Field | Score: 232 |
| • Haas, Sr. property – Gila Bend Aux. Field | Score: 229 |
| • Haas, Jr. property – Gila Bend Aux. Field | Score: 224 |
| • Gura property – Luke AFB | Score: 80 |
| • Alexander property – Gila Bend Aux. Field | Score: 30 |

Review of the property acquisition recommendations by the Commission was tabled until after the Commissioners met in Executive Session.

8. ADMINISTRATIVE UPDATE

a. Brief on potential MIF rules amendments:

Ms. Sinclair presented several considerations for future MIF rule amendments and/or changes. The Commissioners provided input on possible MIF rule amendment changes including addressing/clarifying:

- Should the MIF pay for environmental closing costs?
- Should the consent form be required to be notarized?
- Who should provide the map of the property and its location to the military?
Note: Commissioner Scruggs believes the military should provide the map; Commissioner Storm stated it should be the property owner and the political jurisdiction
- If a (Jurisdictional Project) application is not chosen, will the applicant need to resubmit for consideration as conditions and budgets may change from year to year.
- Should there be points for the applicant securing matching funds?
Note: Commissioner Storm thought this should be proportional.

- Should there be a scoring formula to interpret the military's input into a score?
- Should MIF funds be able to roll over?
- When should another appraisal be obtained?
- Should the MIF keep any funds derived from use of the land? (This would need a statutory change)
- What happens if property owner does not want offer? May staff automatically go to next ranked property?

Note: Commissioner Scruggs requested to put into the rules a stated length of time as to how long an offer will remain open and if the offer is not accepted then to move on to the next property in line for acquisition.

- What happens if a project applicant is approved for MIF funding but does not start the project? Should the applicant be required to pay the MIF back?
- It was recommended that the applicant submit a timeframe and if they can't meet it, they must submit a revised timetable.
- Commissioner Scruggs recommended that there be a project use it or lose it timetable.
- Commissioner Storm asked that the rule regarding length of ownership be clarified so that points were given based on a block of time (10 years plus; five to ten years; five years or less).
- Co-chair Atkins stated that the Arizona Commander's Summit (ACS) could serve as a good resource to review and provide input on any MIF changes that would affect the military.

Action: Ms. Sydenham stated that the jurisdictional projects' six month reports to Commerce will be forwarded to the AMAC as a policy from here forward.

Assistant Attorney General Don Baier listed the items on the agenda to be addressed in Executive Session; they were agenda numbers 4a, 5a, 6 and 7c. A motion was made by Commissioner Nelson to go into Executive Session and seconded by Commissioner Carrell and unanimously approved. Co-chair Atkins adjourned the meeting to move into Executive Session and dismissed the public.

The Arizona Military Affairs Commission (AMAC) meeting reconvened at 1:45 pm and a quorum was reestablished. Co-chair Atkins began the meeting where it left off; Item #7c.; which addressed the approval of FY 2008 private property acquisitions.

7. MILITARY INSTALLATION FUND APPLICATIONS and REPORT FROM THE DEPARTMENT OF COMMERCE – Fund/Application, update and report was given by Ms. Sinclair (continuation)

c. Recommendations by the Department of Commerce - Individual Property Acquisition Recommendations

Co-chair Atkins requested that if there were any public comments regarding any property to please make them known. Ms. Sydenham noted as historical references that in prior year's appraisals have come back as higher than the requested amounts. She therefore suggested that the Commission maintain a buffer in the fund to account for that possibility. Due to the Jurisdictional Project/Property Acquisition monies transferred into the Private Property Acquisition Fund, the Commission was able to approve for purchase the acquisition of six properties. The Commission concurred on the following highest scored properties and unanimously approved them for acquisition. The maximum possible score is 625.

• Coronado property – Yuma MCAS	Score: 427	\$ 598,000.00
• Tang parcel #2 property – Gila Bend Aux. Field	Score: 371	\$ 498,750.00
• Lakin parcel #2 property – Yuma MCAS	Score: 368	\$ 356,800.00
• Lakin parcel #1 property – Yuma MCAS	Score: 367	\$ 877,000.00
• Kovar property – Davis Monthan AFB	Score: 259	\$1,317,000.00
• Tang parcel #1 property – Gila Bend Aux. Field	Score: 236	\$ 498,750.00

Karen Oden, an engineer from the Davis Monthan AFB (DMAFB) offered public comment in support of the purchase of the Kovar property located in proximity to DMAFB. Ms. Oden will follow up with an official letter from DMAFB as was requested by Co-chair Atkins. The total amount for property acquisitions is \$4,513,955 leaving a balance in the fund of \$367,655 to cover AZ Dept. of Veterans' Services ancillary fees. Co-chair Atkins reiterated that the applications' requested and approved amounts are for guidance in budgeting and all are subject to negotiations and appraisals by Veterans' Services. A motion was made by Commissioner Nelson to consider and reject the Alexander and Gura applications. The motion was seconded by Commissioner Stuart and unanimously approved by the Commission.

Commissioner Scruggs asked if applicants were provided guidance in drafting their application. Ms. Sydenham stated that the public can look at past applications, as a public record, prior to the opening of the application

process. Also there is significant information available on the Commerce website and they may also contact Ms. Sinclair for additional follow up and guidance.

Action: The Commission established that the monies in the fund become encumbered from the moment they are approved for acquisition by the Commission. And should the property owner, for any reason, reject an offer or opt out of the process; the money will become unencumbered. At that point Commerce would advise the Commission that the money has become available for the acquisition for another application. At which point the Commission would convene a meeting to review the pending applications.

Jurisdictional Project Funding Determination

One application was received and it was from Huachuca City. Ms. Sinclair provided the Commission with an overview of the proposed project. The City is requesting funding for the replacement of the current mercury vapor street lights and the banks of ball field lights to low pressure sodium lights. This allows Huachuca City to become compliant with the city's Light Pollution Ordinance of 2006 and will aide in eliminating the safety issue of sky-glow and glare from unshielded light sources associated with a variety of military training and testing operations dependent upon "night-sky" conditions. Additionally, Huachuca City submitted an amendment to their proposal requesting funding for the installation of a traffic light at the intersection of State Route 90 and School Drive to address an unsafe turning condition. The original amount requested was \$528,780.00 and with the amendment, the new amount was \$738,780.00. A motion was made by Commissioner Finnegan, seconded by Commissioner Nelson and unanimously approved by the Commission to approve the original application for the amount of \$528,780.00 for Huachuca City as the traffic light was not considered an enhancement for a military facility.

8. ADMINISTRATIVE UPDATE (continuation)

a. Appointment of Rules Subcommittee

As there are many questions and considerations to be examined and possible Rules revisions to be made, Co-Chair Atkins requested volunteers to form a new rules sub-committee. Commissioners who volunteered for the Rules Update Subcommittee are: Co-chairs Lisa Atkins and Mr. Tom Finnegan, Ms. Priscilla Storm, Mr. Leyton Woolf, Mayor Elaine Scruggs, and Supervisor Lenore Stuart. Also included in the sub-committee will be Mr. Mike Landry from Veterans' Services, Ms. Deb Sydenham and Ms. June Sinclair from the Department of Commerce and Mr. Don Baier from the Attorney General's Office as legal consultant.

b. Briefing from Arizona Department of Veterans' Services – Land Management Issues & Legislative Changes:

Mr. Landry provided an overview of SB 1387 which provides that the AZ Department of Veterans' Services shall transfer any real estate, property rights and related infrastructure acquired by MIF to the State Land Department to manage for the purpose of preserving or enhancing Arizona military installations. The reason for the legislative change was because the Department of Veterans' Services does not have the statutory authority to manage land; the State Land Department does as well as having the staffing and infrastructure in place. All land previously purchased by Veterans' Services will be transferred to the Land Department after the 90 day period from which the law goes into effect. All future purchases will be transferred to the Land Department upon completion of the acquisition process.

c. MIF Update Status: Ms. Sinclair announced that the Military Installation Fund updated information for FY 2009, will be posted on the Commerce website by September 2008. Commissioner Nelson asked that as properties were acquired if they were posted on the Commerce website. It was noted by Ms. Sydenham and Ms. Sinclair they are currently not listed but both agreed it was a great idea.

Action: The Commerce MIF website would be updated with the information pertaining to property acquisitions and approved projects and their corresponding detailed information.

Co-chair Atkins announced that within approximately 30 days the Commission would, via a conference call, meet to approve the minutes from today's meeting and the rules subcommittee members will arrange dates to meet as well.

CALL TO THE PUBLIC

There were no additional questions or comments.

ADJOURNMENT

A motion was made by Commissioner Nelson, seconded by Commissioner Carrell and unanimously approved for adjournment at 2:20 pm.